

UOB-KAY HIAN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 200004464C

**RESPONSES TO QUESTIONS FROM SGX REGCO RELATING TO 11 AUGUST 2023
CLARIFICATION ANNOUNCEMENT - INDEPENDENCE OF MR. TANG WEE LOKE**

We refer to our announcement dated 11 August 2023 in relation to the independence of Mr. Tang Wee Loke disclosing that (i) Mr. Tang's aggregate interest in the Company had increased to approximately 5% arising from his participation in the UOB-Kay Hian Holdings Limited (the "**Company**") scrip dividend scheme and (ii) the Nominating Committee ("**NC**") had recommended to the Board that Mr. Tang should still be considered as independent, which recommendation was endorsed by the board of directors of the Company (the "**Board**").

We have received the following questions from SGX Regco on 12 October 2023 (*(a), (b), (c) below*) and our responses are detailed here.

(a) Please elaborate whether the NC and the Board had exercised a more rigorous review of Mr. Tang's independence taking into account Practice Guidance 2, his substantial shareholding in the Company, his past employment in the Group from 1973 to 2011 and his appointment as a Director since 1977 to-date. If so, to provide detailed basis on the review undertaken including the factors taken into consideration by the NC in arriving at their confirmation.

Mr. Tang had a distinguished career with the Group and retired from an executive role on 31 December 2011. After this, he continued to remain on our board as a non-executive director.

On 1 January 2015, Mr. Tang was re-designated as an independent non-executive director ("**ID**"), with the recommendation of the then Nominating Committee ("**NC**") and the approval of the then Board, in line with the prevailing provisions of the Code of Corporate Governance and applicable requirements.

As such, Mr. Tang's relationship with the Company and his previous executive appointments have been fully taken into account by NC and Board from the beginning of his tenure as an ID.

On 28 April 2021, Mr. Tang's independence was approved at the Company's annual general meeting through a two-tier vote of all the shareholders of the Company and of all the shareholders excluding the directors and the chief executive officer of the Company and associates of the directors and the CEO. The two tier-vote was in accordance with the then requirements of the SGX RegCo, which required such a vote for independent directors who have served for more than nine years. As part of this process and in addition to the regular reviews of all IDs, the NC specifically considered Mr. Tang's ability and suitability to act as an ID.

Most recently, Mr. Tang's independence was specifically proactively considered by the NC in February 2022 in anticipation of the possibility that Mr. Tang may become a substantial shareholder (through his participation in the Company scrip dividend scheme). And thereafter considered again by the NC in August 2023 when Mr. Tang in fact became a substantial shareholder of the Company.

In summary, the NC and Board were conscious of the applicable guidelines in the Code of Corporate Governance in relation to a director's relationship with the Company's substantial shareholders when determining the independence of a director and exercised a more rigorous review of Mr. Tang's independence, taking into account the change in his position in becoming a substantial shareholder. **In particular, we note that it has now been almost twelve years since Mr. Tang had a role in the executive management of the Company.**

Further details in relation to question (a) are addressed in our response to question (b) below.

(b) Based on the Company's announcement of the notification of change in shareholding interest of Mr. Tang on 23 June 2023, he holds 45,175,840 shares. Based on the current price of approximately S\$1.37/share, the value of Mr. Tang's shares has a value amounting to S\$61.89 million and Mr. Tang ranks as the 3rd largest shareholder of the Company. We note the significance of the value of his shareholding interest and his long association with the Company since 1977. We also note that he will, under Listing Rule 210(5)(d)(iv), no longer be eligible to be designated as an independent director and must resign or be designated as a non-independent director latest by the Company's AGM to be held in April 2024 for the financial year ending 31 December 2023.

Please disclose the basis why the NC is still of the view that Mr. Tang should be exempted from complying with Provision 2.1 of the CG Code which sets out situations where it could be reasonably perceived to interfere with the exercise of a director's independent business judgment, and the difficulties why the NC is unable to re-designate Mr. Tang as a Non-Executive Non-Independent Director of the Company.

The Code of Corporate Governance 2018 Practice Guidance (the "**Guidance**") states the NC and Board should consider certain circumstances in which a director should be deemed to be non-independent, including as an example, a director who is a substantial shareholder. The Guidance then states "...these examples are meant to illustrate situations of likely non-independence and the NC and Board can still consider a director to be independent notwithstanding the existence of any of the above-mentioned situations." **The NC considers Mr. Tang's independence to be such a situation where the director is considered independent notwithstanding his substantial shareholding.**

Mr. Tang has been a longstanding shareholder of the Company. At the point Mr. Tang became an ID in 2015, his deemed shareholding interest was approximately 4.5%, which made him the third largest shareholder of the Company even at such time. Since then, his shareholding interest has increased to approximately 5.0% primarily through his participation in the Company scrip dividend scheme. It should be noted that, while Mr. Tang's shareholding may be significant in absolute terms, it remains relatively small in comparison with the two largest substantial shareholders of the Company, whom have deemed interests of 34.71% (Market Value of S\$429.30 million) and 33.98% (Market Value of S\$420.28 million) respectively.

There were no difficulties for the NC in deliberating Mr. Tang's independence. The NC exercised its judgment after having evaluated the facts of the situation and what it considered to be in the best interests of the Company and its shareholders.

As set out in the Company's announcement dated 11 August 2023, the NC's recommendation on Mr. Tang's independence was first and foremost based on his independent character, independent conduct and ability to exercise objective judgment with regard to the best interests of the Company. The NC took into account Mr. Tang's past conduct and active participation in meetings of the Board and the sub-committees in which Mr. Tang was a member of and was fully satisfied that Mr. Tang was of an independent character, had been acting independently and was able to exercise objective judgment with regard to the best interests of the Company. The NC considered and did not view the substantial shareholding interest of Mr. Tang as interfering with any of the foregoing.

The Board and NC are aware of the implications of Listing Rule 210(5)(d)(iv) and will comply with the listing requirement as and when it applies to the IDs of the Company.

(c) Please explain how is the NC equipped and adequately resourced to carry out the assessment of Mr. Tang's independence, noting that Mr. Tang is the Chairman of the NC.

There are three board members in the NC (including Mr. Tang). Mr. Tang has always recused himself from deliberations on his own independence, which have therefore been considered by the other members of the NC.

Most recently, Mr. Tang's independence has been considered by Mr. Suckling (independent director, appointed to NC on 3 May 2016) and Mr. Leong (non-executive non-independent director, appointed to NC on 18 April 2022). The NC had also consulted external legal counsel to clarify and seek advice

on issues relating to Mr. Tang's independence. The NC thereafter recommended to the Board for Mr. Tang to continue to be designated an ID whereupon the Board itself (with Mr. Tang abstaining) considered the matter of Mr. Tang's independence and endorsed the recommendation of the NC.

By Order of the Board

Wee Ee Chao
Singapore, 16 October 2023